

HOUSE BILL 2839

By Sargent

AN ACT to amend Tennessee Code Annotated, Title 4;
Title 56 and Title 71, relative to the administration
of state activities and policies relating to certain
federal laws.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 4, Chapter 3, Part 10, is amended by
adding the following as a new section:

4-3-1021.

(a) The general assembly finds and declares that:

(1) The federal Patient Protection and Affordable Care Act (PPACA)
empowers the federal government to establish one or more health care
insurance exchanges to define, regulate and control the sale of health care
insurance to both individuals and small businesses if the state does not establish
such exchanges in a timely manner in conformance to federal law and
regulations;

(2) In order to maintain traditional state control of insurance regulation,
maximize the stability and competitiveness of this state's health care and
insurance industries and minimize federal disruption of Tennessee's health
insurance industry so that insurance agents, healthcare providers, and insurance
companies continue to provide valuable services in our state it is necessary to
authorize executive agency activity;

(3) The PPACA mandates certain activities and expenses to be borne by
the state if federal health insurance exchanges operate in this state even if this

state does not implement health insurance exchanges and such costs may only be avoided or minimized if executive agency activities are authorized;

(4) The state's control of health insurance would be greatly lessened if health insurance exchanges are not created by state law to enable the sale of health insurance by state regulated non-governmental providers;

(5) Executive agency activities are authorized in order to maintain conservative fiscal management of Tennessee's resources and ensure that expenditures for developing an insurance exchange do not exceed federal grant funding and to maintain control of major cost drivers such as TennCare and CoverKids, and to minimize this state's exposure to unfunded federal mandates;

(6) Federal law allows many policy and operational options with respect to health insurance exchanges. Executive agency activity is necessary to evaluate various options using the criteria that apply to health policy issues and to evaluate the extent to which each option would enable the state to encourage long-term economic growth, a business-friendly environment, and this state's global competitiveness;

(7) Evaluation of options must also consider how to minimize employer's health care costs and minimize the federal tax burden on employers and employees in this state; and minimize complexity and red tape. If health insurance exchanges are necessary, efficiency and business and public protection necessitate that the sustainability of exchange-based insurance options over a minimum period of five (5) years be assured;

(8) State operation of health care insurance exchange, if required, must provide meaningful choices of high-quality health plans at the lowest possible price to the consumer. Policies under this section should encourage healthy

choices, personal responsibility, and accountability for a healthy lifestyle, encouraging Tennesseans to take charge of their own health and promote health care consumer awareness; and

(9) It is therefore necessary to establish a statutory framework for the operation of health care insurance exchanges operated in the public interest by the state in the event that the PPACA is sustained by the courts and implemented according to the schedule now specified in the PPACA and related federal regulations and guidance.

(b)

(1) The department of finance and administration is designated as the department of this state for the implementation and administration of Public Law 111-148, 124 Stat. 119.

(2) The department shall cooperate with all authorities of the United States having powers or duties under the act of congress mentioned in subdivision (b)(1), and shall do and perform all things necessary to secure to this state the benefits of such act.

(3) Except for the responsibilities of the department of commerce and insurance with respect to regulation of rates for health insurance, the department of finance and administration has full and complete charge of the administration of the state's activities and policies made necessary or advisable under Public Law 111-148.

(4) The department of finance and administration shall coordinate the collaborative and cooperative activities and functions of other departments and state agencies and commissions, including, but not limited to, the bureau of TennCare, the department of commerce and insurance, the department of

human services, and the department of health, and the two Tennessee higher education systems, to reduce duplication among activities which provide for healthcare or health care insurance in the state, and to maximize this state's efforts to encourage Tennesseans to take charge of their own health and ensure that all Tennesseans, including rural residents have a range of insurance coverage options.

(5) The department of finance and administration may do all acts and functions necessary or proper to carry out the powers expressly granted under this section, including, but not limited to, entering into agreements or contracts with local governmental units or not for profit or for profit corporations to provide services that assist the department in carrying out the duties imposed by this section or elsewhere in this code. The department may, if necessary, adopt emergency rules as allowed by the Uniform Administrative Procedures Act, compiled in title 4, chapter 5.

(6) The department of finance and administration has authority over such other functions generally, as the governor may lodge with the department by executive order duly signed and filed with the secretary of state.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.